

Changing Company Culture in Order to Succeed.

By Rich Rovito
Industry Reporter



WISCONSIN MANUFACTURING
EXTENSION PARTNERSHIP

Klement Sausage Co. has been undergoing a significant cultural transformation with continuous improvement and leadership development at its core. “Those are the two keys in any manufacturing environment. Creating that mindset is critical,” Klement Chief Operating Officer Ray Deeter said.

Founded 61 years ago as a maker of sausage products developed from Old World recipes, Klement built its reputation through three generations of family ownership. In May 2014, the family sold the business to Altamont Capital Partners, a private equity group based in Palo Alto, California, when a fourth-generation leader didn't emerge.

Earlier that year, Klement hired Ray Booth, a long-time consultant with a track record of turning around businesses, to prepare the company to be sold. Booth stayed on after the sale and hired Deeter to lead operations at Klement.

Deeter, who previously worked as a consultant for six years after holding various corporate management and leadership positions, quickly recognized the challenge in front of him.

“You had a historically family-run company, a lot of family-based operating principles, a lot of old-school methodologies, and not a lot of what we would consider to be standard operating procedures,” Deeter said.



Continuous improvement and leadership development have been at the cornerstones of the workplace culture change at Klement.

Under Altamont's ownership, Klement operates as part of Tall Tree Foods, which consists of four geographically diverse sausage manufacturers: Richard's Cajun Foods in Church Point, Louisiana; Blue Ribbon Sausage and Bacon in Houston; and the January Company, a Seattle-based maker of Chinese ethnic sausage.

“Each of us has a very strong regional brand that Tall Tree thinks has the ability to scale up and expand nationally within certain product segments,” Deeter said.

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“We've engaged in a very focused leadership development program that included more than 30 different leaders, from hourly leads on

the floor all the way up to myself,” Deeter said. “We established a foundation for accountability. That's important because, as oftentimes is the case in family-owned business, decisions were strictly made by family members. Others often were discouraged from making decisions.”

As part of its cultural transformation, Klement turned to the Wisconsin Manufacturing Extension Partnership.

The WMEP's work with Klement began with a focus on Six Sigma. “We had 20 supervisors go through formal Six Sigma training through six different projects,” Deeter said. “Those projects



Ray Deeter, Chief Operating Officer

generated, combined, \$1 million to \$1.5 million in savings. It had a very successful impact on the business, both in terms of what it did for us from a profitability perspective and, more importantly, in terms of helping people get some problem-solving tools in their tool boxes.”

Klement and the WMEP recognized that resource efficiency would yield the highest impact for sustained business practice and improved profitability, WMEP manufacturing specialist Mark McDermid said.

“Energy savings provide some quick bottom line impact but efficient resource use was where both short-term and long-term gains were to be systematically found,” McDermid said.

The Klement plants in Milwaukee focus on distinctly different product families. The facility on Chase Avenue produces fresh products, such as bratwurst, Italian sausage and breakfast links, in one portion of the plant. Ready-to-eat products, such as summer sausage and snack sticks, are made in another part of the facility. Isolating the operations is done to maximize food safety and avoid cross-contamination.

The Lincoln Avenue facility predominantly manufactures cooked and smoked products, such as kielbasa and ring bologna, as well as pre-cooked bratwurst and Italian sausage.

Improved productivity has allowed the Klement facilities to produce products for other Tall Tree sausage manufacturers. Klement has a total of 350 to 400 employees at its plants. Neither plant is operating at capacity, leaving considerable room for continued growth, Deeter said.



The Klement brand has received a major boost over the years from the Klement's Famous Racing Sausages, which appear at every Milwaukee Brewers home game at Miller Park and other events in the region.

"We have a great partnership with the

Brewers. That absolutely helps our brand," Deeter said. "We're looking to continue to find ways to enhance the brand, especially here in the region."

The core distribution of Klement's products is in Wisconsin, Iowa and Minnesota. A strong presence also exists in the greater Midwest, as well as the Southeast and Northwest sections of the country.



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"We see great opportunities in other regions of the country," Deeter said.

Klement and the WMEP also worked together to develop standard operating procedures and have been involved in energy-related projects, including the Milwaukee Economy, Energy and Environment program (ME3), a low-cost program to help manufacturers cut operating expenses while minimizing negative environmental impacts.

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Deeter expects Klement's relationship with WMEP to continue to flourish.

"We really want to get more aggressive with some of our continuous improvement activities. I think culturally we are ready for it now," Deeter said.

Deeter spoke of the many benefits of having a partnership with the WMEP.

"The organization is very professional, very knowledgeable," he said. "Most importantly, it is very strong in its ability to connect with employees on concepts, perspectives and tools that can be viewed as very intimidating. It does a great job connecting with the shop floor and helping people understand those complex tools in a very simple way and make it applicable."

The strong focus on continuous improvement has generated an array of benefits for Klement.

"We are using data to help drive action as opposed to intuition, which can sometimes mislead us," Deeter said. I think the connectivity between the work we've done with the WMEP and our leadership development has really created a very strong team."

Employee retention also has improved. Klement previously used temporary employees to fill 40 to 50 percent of the jobs on the plant floor. That number has dipped to 10 to 12 percent.

"We've recognized that to get the consistency we want and to get the culture we want we really needed a core group of employees," Deeter said.



A relocation of its corporate headquarters from an outdated building adjacent to one of its plants to a sparkling new office development at the former Pabst brewery in Milwaukee has made it easier to attract top-level executives and administrative personnel, Deeter said.

Continuous improvement will continue to be a core focus for Klement.

"We are ready now for a much more aggressive, formal approach to continuous improvement," Deeter said.

The relationship with the WMEP has bolstered those efforts.

"The WMEP has a structured approach to continuous improvement," Deeter said. "It's more of a grassroots approach that says we are going to connect with people on the floor and we are going to help them understand these tools in a different way."

